

Residential Ratepayers Advisory Board Meeting Minutes

February 5, 2007 meeting

The Residential Ratepayers Advisory Board (Board) met on February 5, 2007 in the OCA office.

Present for the Board:

Lawrence Kelly, Chair
Otis Perry, Vice Chair
Kenneth Mailloux
Richard Russman
Gloria Seldon
Louis Pare

Present for the OCA:

Meredith Hatfield
Kenneth Traum
Christina Martin

Guests

Gary Long, PSNH

Mr. Kelly opened the meeting at 2:03 PM.

1. Minutes

Ms. Martin explained that the board minutes of January were inadvertently left out of the email to the Board. Mr. Kelly tabled discussion of the minutes until the March 5th meeting.

2. Gary Long Presentation – handout provided

Mr. Long expressed PSNH's support for the current version of the RPS bill, and explained that despite its prior opposition due to continuing subsidies for existing wood plants, the company would support the bill this year. Mr. Long said that with the need for new generation in the region and the increasing recognition of global warming, more renewable generation is needed. He also said that it was in line with the Governor's "25 by 25" initiative to have 25% renewable energy by the year 2025.

He said that under the RPS New Hampshire will need a mixture of wood plants, wind farms and solar energy. Mr. Long also addressed the issue of long-term contracts in the bill, and explained that PSNH does not support a requirement for such contracts. PSNH supports the use of arms-length negotiated contracts as

needed, but if such contracts are mandated, he believes that the PUC should streamline the approval process.

Mr. Long also discussed SB140, which would allow PSNH to build new renewable generation facilities. He explained that PSNH would not be able to build all of the generation needed to support New England's generation needs, which based on ISO NE is 4,300 more megawatts, but building some of the region's needs in the state would produce economic benefits for NH. Such benefits include tax revenues and jobs in the North Country. PSNH's current energy price is 8.59¢, while the New England average is 10.41¢. He also said that PSNH can do a better job of controlling the costs of the wood sources needed than a privately owned plant due to their networks in the state, and their experience with procurement. Mr. Long analogized their desire to build a new plant instead of having to buy more power from the market to renting vs. owning a home. He thinks it's a much better investment for PSNH customers to own a new plant, even if it's more expensive in the short-run to build a plant, given that it will have a 40-year life and customers will see prices based on costs of operation.

Ms. Hatfield asked Mr. Long about the impacts on the other 30% of non-PSNH residential customers if PSNH builds generation. Mr. Long said that doesn't believe that this would impact those customers. He doesn't believe that the other distribution companies have any interest in building new generation. Mr. Traum asked about PSNH's willingness to consider a 50/50 risk-benefit approach to a new plant, as was done with the Schiller conversion. Mr. Long replied that the company did not have a position at this time, but that they would be open to considering such an arrangement. Mr. Traum also asked about the suggestion by some that allowing PSNH to build new plants will scare away competitors who want to build plants as merchant generators. Mr. Long explained that this was untrue, as any of those companies can also build in the state. He also said that it's important to keep in mind that PSNH is less than 6% of the total regional market, so we need to keep scale in context.

After Mr. Long left the meeting, the Board discussed the RPS and PSNH plant issues, and agreed to work with the OCA staff in developing positions on the bills.

3. **Verizon/FairPoint Sale**

Ms. Hatfield briefly explained that the companies have filed their petition for approval of the transaction, and that the docket will be under way by the end of the month.

4. **Updates**

- a. **2007 Legislation** – Ms. Hatfield provided a 2007 legislative handout to Board members listing legislative bills and service requests of interest to the OCA. It was noted that updates on legislation will be provided at each meeting during the session.

- b. **OCA '08-'09 Budget Request** – Ms. Hatfield reported that the revised agency budget is expected to be included in the Governor's budget. Mr. Kelly reiterated to the OCA that if Board members can be of assistance please let the Board know.
- c. **Electric Assistance Program** – Ms. Hatfield explained that the prehearing conference and technical session in the new docket on administrative costs is scheduled for February 13, 2007.

5. **OCA Activity Update:**

The Board briefly reviewed the Activity Update.

6. **Next Meeting**

The next Board meeting was scheduled for Monday, March 5th, at 2:00, at the OCA office.

The meeting adjourned at 4:06 PM.